

House Study Bill 64

SENATE/HOUSE FILE _____
BY (PROPOSED IOWA LOTTERY
AUTHORITY BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the regulation of lotteries, including the
2 definition of a lottery, permissible lotteries by commercial
3 organizations, and the prosecution of violators.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 1188DP 81
6 ec/sh/8

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1 1 Section 1. Section 725.12, Code 2005, is amended to read
1 2 as follows:

1 3 725.12 LOTTERIES AND LOTTERY TICKETS == DEFINITION ==
1 4 PROSECUTION.

1 5 1. If any person make or aid in making or establishing, or
1 6 advertise or make public a scheme for a lottery; or advertise,
1 7 offer for sale, sell, distribute, negotiate, dispose of,
1 8 purchase, or receive a ticket or part of a ticket in a lottery
1 9 or number of a ticket in a lottery; or have in the person's
1 10 possession a ticket, part of a ticket, or paper purporting to
1 11 be the number of a ticket of a lottery, with intent to sell or
1 12 dispose of the ticket, part of a ticket, or paper on the
1 13 person's own account or as the agent of another, the person
1 14 commits a serious misdemeanor. However, this section does not
1 15 prohibit the advertising of a lottery or possession by a
1 16 person of a lottery ticket, part of a ticket, or number of a
1 17 lottery ticket from a lottery legally operated or permitted
1 18 under the laws of another jurisdiction. This section also
1 19 does not prohibit the advertising of a lottery, game of
1 20 chance, contest, or activity conducted by a not-for-profit
1 21 organization that would qualify as tax exempt under section
1 22 501 of the Internal Revenue Code, as defined in section 422.3,
1 23 or conducted by a commercial organization as a promotional
1 24 activity by a commercial organization which is clearly
1 25 occasional and ancillary to the primary business of that
1 26 organization, provided that the effective dates on any
1 27 promotional activity shall be clearly stated on all
1 28 promotional materials and no monetary prize awarded pursuant
1 29 to such promotional activity shall be paid on the premises
1 30 where the chance to win a prize was obtained. A lottery, game
1 31 of chance, contest, or activity shall be presumed to be a
1 32 promotional activity which is not occasional if the lottery,
1 33 game of chance, contest, or activity is in effect or available
1 34 to the public for a period of more than ninety days within a
1 35 one-year period.

2 1 2. When used in this section, "lottery" shall mean any
2 2 scheme, arrangement, or plan whereby a prize is one or more
2 3 prizes are awarded by chance or any process involving a
2 4 substantial element of chance to a participant who has, and
2 5 where some or all participants have paid or furnished a
2 6 consideration for such chance.

2 7 3. For the purpose of determining the existence of a
2 8 lottery under this section, a consideration shall be deemed to
2 9 have been paid or furnished only in such cases where as a
2 10 direct or indirect requirement or condition of obtaining a
2 11 chance to win a prize, the one or more prizes, some or all
2 12 participants are required to make an expenditure of money or
2 13 something of monetary value through a purchase, payment of an
2 14 entry or admission fee, or other payment or the participants
2 15 are required to make a substantial expenditure of effort;
2 16 provided, however, that no substantial expenditure of effort
2 17 shall be deemed to have been expended by any participant
2 18 solely by reason of the registration of the participant's

2 19 name, address, and related information, the obtaining of an
2 20 entry blank or participation sheet, by permitting or taking
2 21 part in a demonstration of any article or commodity, by making
2 22 a personal examination of posted lists of prize winners, or by
2 23 acts of a comparable nature, whether performed or accomplished
2 24 in person at any store, place of business, or other designated
2 25 location, through the mails, or by telephone; and further
2 26 provided, that no participant shall be required to be present
2 27 in person or by representative at any designated location at
2 28 the time of the determination of the winner of the prize, and
2 29 that the winner shall be notified either by the same method
2 30 used to communicate the offering of the prize or by regular
2 31 mail.

2 32 4. Upon request of the Iowa lottery authority or the
2 33 division of criminal investigation of the department of public
2 34 safety, the attorney general shall institute in the name of
2 35 the state the proper proceedings against a person charged in
3 1 such request with violating this section, and a county
3 2 attorney, at the request of the attorney general, shall appear
3 3 and prosecute an action when brought in the county attorney's
3 4 county.

3 5 EXPLANATION

3 6 This bill concerns the regulation of lotteries as provided
3 7 in the vice chapter of the Code.
3 8 The bill changes the definition of a lottery to provide
3 9 that a lottery includes lotteries where some participants make
3 10 an expenditure of money or something of value for a chance at
3 11 a prize. Under current law, lottery includes only those games
3 12 where each participant is required to make an expenditure of
3 13 money or something of value for a chance.
3 14 The bill also modifies the provisions concerning
3 15 permissible lotteries conducted by a commercial organization.
3 16 The bill provides that to be a permissible lottery, no
3 17 monetary prize can be awarded on the premises where the chance
3 18 to win a prize was obtained and the lottery cannot be in
3 19 effect or available to the public for a period of more than 90
3 20 days within a one-year period. The bill requires commercial
3 21 organizations conducting a lottery to provide the effective
3 22 dates of the lottery on all promotional materials.
3 23 The bill also provides that the attorney general, and the
3 24 applicable county attorney, shall institute proceedings
3 25 against any person violating the Code section governing
3 26 lotteries upon request of the Iowa lottery authority or the
3 27 division of criminal investigation of the department of public
3 28 safety.
3 29 LSB 1188DP 81
3 30 ec/sh/8